

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The board of directors (the “Board”) of **Bossini International Holdings Limited** (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group” or “Bossini”) for the six months ended 30 September 2006.

During the period under review, the market competition continued to intensify. An increased number of new entrants and a vast variety of choices for casual wear products undermined the Group’s competitive edge in both Hong Kong and other core markets.

Notwithstanding this, the Group’s value-for-money products were well received in the export markets. The export franchising business recorded satisfactory growth during the period under review.

The Group’s consolidated revenue in the period under review declined by 3% to approximately HK\$970.0 million when compared to the same period last year (2005: HK\$997.1 million). Gross profit of the Group decreased by 3%, amounting to HK\$464.2 million (2005: HK\$478.5 million). The Group maintained the gross margin at 48%, similar to the level of the same period for last year (2005: 48%). Operating profit amounted to HK\$18.6 million, down by 70% as compared with that of the same period for last year (2005: HK\$61.3 million). Operating margin was 2%, representing a decrease of 4 percentage points as compared with that of the same period for last year (2005: 6%). Profit for the period attributable to equity holders recorded a negative growth of 86% at approximately HK\$6.4 million (2005: HK\$45.2 million).

管理層討論及分析

財務表現

堡獅龍國際集團有限公司(「本公司」)之董事局(「董事局」)謹此宣佈本公司及其附屬公司(「本集團」或「堡獅龍」)截至二零零六年九月三十日止六個月未經審核之綜合業績。

於回顧期內，零售業的競爭持續激烈，新加入的競爭者數量日益增多，而且休閒服裝產品選擇繁多，削弱了本集團在香港及其他核心市場的競爭優勢。

儘管如此，本集團物有所值的產品，在出口市場上廣受歡迎。期內，出口特許經營業務錄得令人滿意的增長。

於回顧期內，本集團之綜合收入下降3%，至約港幣970.0百萬元(二零零五年：港幣997.1百萬元)，毛利下降3%至約港幣464.2百萬元(二零零五年：港幣478.5百萬元)。毛利率維持於48%，與去年同期之水平相等(二零零五年：48%)。營運溢利為港幣18.6百萬元，較去年同期下降70%(二零零五年：港幣61.3百萬元)，營運溢利率為2%，較去年同期降低4個百分點(二零零五年：6%)。權益持有人應佔溢利錄得86%的負增長至約港幣6.4百萬元(二零零五年：港幣45.2百萬元)。

FINANCIAL PERFORMANCE

Operating Efficiencies

Affected by the highly competitive retailing environment, same store sales declined by 9% (2005: flat growth) during the six months ended 30 September 2006. Net retail sales per sq. ft. reduced by 11% year-on-year to HK\$2,400 (2005: HK\$2,700).

The Group's operating expenses for the six months ended 30 September 2006 increased by 7% to HK\$451 million (2005: HK\$423 million), which accounted for 46% of the total revenue of the Group (2005: 42%). The rise in operating expenses was mainly due to the increase in rental and staff cost.

The Group has been diverting resources to strengthen its internal IT infrastructure, and the implementation of various systems is in progress. The Group anticipates that it will start realizing the benefits from these new systems and improved workflow in the next fiscal year.

財務表現

營運效益

受到零售業經營環境日趨激烈的影響下，本集團截至二零零六年九月三十日止六個月同店銷售額下降9%（二零零五年：增長持平），而每平方呎淨零售銷售額較去年同期下降11%至港幣2,400元（二零零五年：港幣2,700元）。

截至二零零六年九月三十日止六個月，本集團的營運成本上升7%，至港幣4.51億元（二零零五年：港幣4.23億元），佔本集團總收入的46%（二零零五年：42%）。營運成本增加主要是由於租金開支及僱員成本上升所致。

本集團已投放資源強化內部資訊基建，多項系統安裝的工程亦在進行中，預期新系統及改善工作流程後所帶來的成效將於下一個財政年度顯現。

FINANCIAL PERFORMANCE**Operating Cost Analysis**

For the six months ended 30 September

財務表現**營運成本分析**

截至九月三十日止的六個月

| | 2006 | | 2005 | | Change |
|---------------------------------|---------|---------|---------|---------|--------|
| | 二零零六年 | | 二零零五年 | | |
| | HK\$ | % of | HK\$ | % of | |
| | million | revenue | million | revenue | |
| | 港幣 | 佔收益 | 港幣 | 佔收益 | |
| | 百萬元 | 百分比 | 百萬元 | 百分比 | 轉變 |
| Revenue | | | | | |
| 收益 | 970 | 100% | 997 | 100% | -3% |
| Selling and distribution costs | | | | | |
| 銷售及分銷成本 | 328 | 34% | 306 | 30% | +7% |
| Administrative expenses | | | | | |
| 行政開支 | 106 | 11% | 99 | 10% | +7% |
| Other operating expenses | | | | | |
| 其他營運成本 | 17 | 1% | 18 | 2% | -5% |
| Total operating expenses | | | | | |
| 總營運開支 | 451 | 46% | 423 | 42% | +7% |

Change of Inventory Provision Policy

The Group revised its inventory provision policy during the period under review. If the old inventory provision policy were applied for the current period, profit for the period attributable to equity holders would be HK\$5.7 million less. The Group anticipates that this revision of inventory provision policy will facilitate better inventory and margin management.

存貨撥備政策轉變

本集團於期內更改其存貨撥備政策，若按原有的存貨撥備政策，權益持有人應佔期內溢利將會減少約港幣5.7百萬元。本集團預期更新後的存貨撥備政策將有助取得最佳的存貨及利潤管理。

BUSINESS REVIEW

Network Expansion

During the six months ended 30 September 2006, the Group opened a total of 18 new outlets, and the total number of outlets worldwide covering more than 20 countries reached 1,086 as at 30 September 2006 (2005: 959). Of these, 552 were directly managed outlets (2005: 493), while 534 were franchised outlets (2005: 466).

Geographically, the Group had 366 directly managed and 239 franchised outlets in Mainland China, 113 directly managed outlets in Taiwan, 8 directly managed outlets in Malaysia, 28 directly managed outlets in Singapore, 37 directly managed outlets in Hong Kong and 295 franchised outlets in 19 other countries, mainly in the Middle East and Southeast Asia. The Group also established a footprint in India. The total retail floor space of the Group increased by 7% to 653,900 sq. ft. as at 30 September 2006 (2005: 613,800 sq. ft.).

Brand Development

During the six months ended 30 September 2006, the Group appointed a renowned international designer to lead a comprehensive brand revamp program by injecting revolutionary shop décor concept to provide more enjoyable shopping experience. The Group also continued to carry out a variety of marketing activities and promotions such as the “Little Models Contest” and the Sesame Street in-store events, which received good market responses and effectively helped promote the brand image and market awareness of the Group.

業務回顧

網絡擴充

截至二零零六年九月三十日止六個月期內，本集團合共增設了18間店鋪。於二零零六年九月三十日，全球店鋪總數達1,086間（二零零五年：959間），覆蓋超過20個國家，其中包括552間（二零零五年：493間）直接管理店鋪及534間（二零零五年：466間）特許經營店鋪。

按地區分佈而言，本集團於中國大陸經營366間直接管理店鋪及239間特許經營店鋪；於台灣設有113間直接管理店鋪、馬來西亞8間直接管理店鋪；新加坡28間直接管理店鋪；香港37間直接管理店鋪；及295間特許經營店鋪分佈於其他19個國家，以中東及東南亞為主；本集團於回顧期內亦成功開拓印度市場。於二零零六年九月三十日，本集團的總零售樓面面積增加7%至653,900平方呎（二零零五年：613,800平方呎）。

品牌拓展

截至二零零六年九月三十日止六個月期內，本集團委任了一位國際著名的設計師領導品牌革新計劃，包括引入具革命性的店鋪設計概念，為顧客提供更舒適的購物體驗。本集團亦繼續推行多項市場推廣及宣傳活動，如「我要做個小Model」及於店鋪內舉辦芝麻街為主題之活動等，均廣受市場歡迎，有助提高集團的品牌形像及增加知名度。

BUSINESS REVIEW

Regional performance analyses

業務回顧

按地區表現之分析

For the six months ended 30 September
截至九月三十日止六個月

| | Hong Kong 香港 | | | Mainland China 中國大陸 | | | |
|---|---------------------------------|-------------------|-------------------|------------------------|---------------|--------------|-----------------|
| | 2006 二零零六年 | 2005 二零零五年 | Change 轉變 | 2006 二零零六年 | 2005 二零零五年 | Change 轉變 | |
| Retail | 零售 | | | | | | |
| Net retail sales (in HK\$ million) | 零售淨銷售額 (港幣百萬元) | 342 | 371 | -8% | 139 | 147 | -5% |
| Operating profit/(loss) (in HK\$ million) | 營運溢利/(虧損) (港幣百萬元) | 8 | 29 | -72% | (19) | (10) | -90% |
| Operating margin (%) | 營運溢利率(%) | 2% | 8% | -6%pts 個百分點 | -14% | -7% | -7%pts 個百分點 |
| Retail floor area (sq. ft.) ^(a) | 零售樓面面積 (平方呎) ^(a) | 131,600 | 112,300 | +17% | 309,500 | 312,400 | -1% |
| Net sales per sq. ft. (in HK\$) ^(b) | 每平方呎淨銷售額 (港幣) ^(b) | 5,700 | 6,700 | -15% | 900 | 1,000 | -10% |
| Same store sales growth ^(c) | 同店銷售額增長 ^(c) | -6% | -3% | -3%pts 個百分點 | -9% | +3% | -12%pts 個百分點 |
| No. of outlets | 店舖數目 | 37 | 33 | +4 | 366 | 332 | +34 |
| Franchise | 特許經營 | | | | | | |
| Sales (in HK\$ million) | 銷售額 (港幣百萬元) | 158 | 142 | +11% | 47 | 52 | -10% |
| Operating profit (in HK\$ million) | 營運溢利 (港幣百萬元) | 47 | 42 | +12% | 5 | 11 | -55% |
| Operating margin (%) | 營運溢利率(%) | 30% | 30% | 0%pt 個百分點 | 11% | 21% | -10%pts 個百分點 |
| No. of outlets | 店舖數目 | 295 | 232 | +63 | 239 | 234 | +5 |
| Regional total | 區域總計 | | | | | | |
| Sales (in HK\$ million) | 銷售額 (港幣百萬元) | 511 | 524 | -2% | 202 | 215 | -6% |
| Operating profit/(loss) (in HK\$ million) | 營運溢利/(虧損) (港幣百萬元) | 54 | 59 | -8% | (12) | 1 | -1,300% |
| Operating margin (%) | 營運溢利率(%) | 11% | 11% | 0%pt 個百分點 | -6% | 0% | -6%pts 個百分點 |
| No. of outlets | 店舖數目 | 37 ^(d) | 33 ^(d) | +4 | 605 | 566 | +39 |

Notes:

(a) As at 30 September

(b) On weighted average basis

附註:

(a) 於九月三十日

(b) 加權平均基準

| Taiwan 台灣 | | | Singapore 新加坡 | | | Malaysia 馬來西亞 | | | Total 合共 | | |
|-----------------------|------------------|----------------|------------------|-----------------|-----------------|------------------|-----------------|------------------|------------------|------------------|----------------|
| 2006 二零零六年 | 2005 二零零五年 | Change 轉變 | 2006 二零零六年 | 2005 二零零五年 | Change 轉變 | 2006 二零零六年 | 2005 二零零五年 | Change 轉變 | 2006 二零零六年 | 2005 二零零五年 | Change 轉變 |
| 167 (20) | 166 (6) | +1% -233% | 86 (2) | 92 7 | -7% -129% | 4 (1) | - - | n/a不適用 n/a不適用 | 738 (34) | 776 20 | -5% -270% |
| -12% | -4% | -8%pts 個百分點 | -2% | 8% | -10%pts 個百分點 | -25% | n/a不適用 | n/a不適用 | -5% | 3% | -8%pts 個百分點 |
| 173,600 1,900 | 156,600 2,400 | +11% -21% | 30,200 5,700 | 31,400 6,100 | -4% -7% | 9,000 1,200 | 1,100 n/a不適用 | 718% n/a不適用 | 653,900 2,400 | 613,800 2,700 | +7% -11% |
| -15% | -6% | -9%pts 個百分點 | -12% | +8% | -20%pts 個百分點 | n/a不適用 | n/a不適用 | n/a不適用 | -9% | 0% | -9%pts 個百分點 |
| 113 | 99 | +14 | 28 | 28 | 0 | 8 | 1 | +7 | 552 | 493 | +59 |
| n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | 205 | 194 | +6% |
| n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | 52 | 53 | -2% |
| n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | 25% | 27% | -2%pts 個百分點 |
| n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | n/a不適用 | 534 | 466 | +68 |
| Consolidated綜合 | | | | | | | | | | | |
| 167 (20) | 166 (6) | +1% -233% | 86 (2) | 92 7 | -7% -129% | 4 (1) | - - | n/a不適用 n/a不適用 | 970 19 | 997 61 | -3% -70% |
| -12% | -4% | -8%pts 個百分點 | -2% | 8% | -10%pts 個百分點 | -25% | n/a不適用 | n/a不適用 | 2% | 6% | -4%pts 個百分點 |
| 113 | 99 | +14 | 28 | 28 | 0 | 8 | 1 | +7 | 1,086 | 959 | +127 |

(c) Same store sales growth is the comparison of sales of the same stores having full month operations in comparable periods

(d) No. of export franchised outlets is not included

(c) 同店銷售額增長為相同店舖於比較期內完整月份之銷售額比較

(d) 不包括出口特許經營店舖

BUSINESS REVIEW

Key Operations Breakdown and Analyses

The Group operates on a global platform, with core markets located in Hong Kong, Mainland China, Taiwan and Singapore. During the period under review, Hong Kong remained the major source of income for the Group, representing 53% of its consolidated revenue, followed by Mainland China, Taiwan and Singapore, which accounted for 21%, 17% and 9%, respectively, of the Group's consolidated revenue.

Hong Kong

For the six months ended 30 September 2006, total revenue generated from Hong Kong amounted to HK\$511 million (2005: HK\$524 million), representing a decrease of 2% when compared with that of the same period last year. The retail and export franchising businesses were the major sources of revenue, and accounted for 36% and 16%, respectively (2005: 37% and 14%), of the Group's total revenue. The overall operating profit in Hong Kong decreased by 8% to HK\$54 million (2005: HK\$59 million), while operating margin was maintained at 11% (2005: 11%).

Market competition in the retail industry, especially in the apparel sector, continued to be keen in the period under review. The operating environment was marked by an increase in the number of competitors and a surge in supply of similar apparel and casual wear products, thereby reducing the Group's product competitiveness. Additional operational challenges relating to rising rental and staff costs also imposed pressure on the profitability of the Group.

業務回顧

主要業務細分及分析

本集團擁有一個全球性的業務平台，以香港、中國大陸、台灣及新加坡為核心市場。回顧期內，香港仍然是本集團的主要收入來源，佔總銷售額的53%，其次為中國大陸、台灣及新加坡，分別佔本集團總銷售額的21%、17%及9%。

香港

截至二零零六年九月三十日止六個月，香港總收入為港幣5.11億元（二零零五年：港幣5.24億元），較去年同期下降2%。零售業務及出口特許經營業務繼續成為主要收入來源，分別佔本集團總收入的36%及16%（二零零五年：分別為37%及14%）。香港整體營運溢利下跌8%至港幣5.4千萬元（二零零五年：港幣5.9千萬元），營運溢利率維持於11%（二零零五年：11%）。

期內，零售業競爭依然激烈，尤以服裝業為甚，經營環境中競爭者顯著增多，同類型的服裝及休閒服產品供應激增，削弱了本集團的產品競爭力。而租金及員工開支上漲等額外營運挑戰亦為本集團的盈利能力帶來壓力。

BUSINESS REVIEW

Hong Kong (continued)

In light of the difficulties faced in the retail operating environment, the Group adopted a pragmatic expansion approach. It added 4 directly managed outlets in Hong Kong in the six months under review, bringing the total number of outlets to 37 as at 30 September 2006 (2005: 33) and the total retail floor area to 131,600 sq. ft. (2005: 112,300 sq. ft.), representing a 17% year-on-year increase. Retail sales decreased by 8% to HK\$342 million (2005: HK\$371 million), while same store sales decreased by 6% (2005: 3% negative growth) during the review period. Operating profit of the Hong Kong retail market declined 72% to HK\$8 million (2005: HK\$29 million) with an operating margin of 2% (2005: 8%).

Despite the lackluster performance of the retail business in Hong Kong, the export franchising business maintained satisfactory growth. The Group opened 32 additional franchised outlets during the six months ended 30 September 2006, bringing the total number to 295 (2005: 232). Revenue for export franchising rose by 11% year-on-year to HK\$158 million (2005: HK\$142 million). Operating profit increased by 12% to HK\$47 million (2005: HK\$42 million), while the operating margin of 30% was maintained at last year's level (2005: 30%). The Middle East market continued to be the major source of export franchising sales with the addition of 8 outlets during the past six months. The Group commenced export franchising business and established 14 outlets in 11 cities in India during the period under review.

業務回顧

香港(續)

有見零售經營環境所面對之困難，本集團採取務實的擴展策略。在回顧期之六個月內，本集團於香港增設了4間直接管理店舖，使店舖數目於二零零六年九月三十日增加至37間(二零零五年：33間)。總零售樓面面積按年上升17%至131,600平方呎(二零零五年：112,300平方呎)。零售銷售額下跌8%至港幣3.42億元(二零零五年：港幣3.71億元)。而期內之同店銷售額則下降6%(二零零五年：3%負增長)。香港零售業務的營運溢利下降72%至港幣8百萬元(二零零五年：港幣2.9千萬元)，營運溢利率為2%(二零零五年：8%)。

儘管香港零售業務表現遜色，但出口特許經營業務於期內維持理想銷售增長。本集團截至二零零六年九月三十日止六個月期內增加了32間特許經營店舖，令數目達至總數295間(二零零五年：232間)。出口特許經營業務總收入按年上升11%，至港幣1.58億元(二零零五年：港幣1.42億元)，營運溢利增長12%，至港幣4.7千萬元(二零零五年：港幣4.2千萬元)，營運溢利率維持去年同期30%之水平(二零零五年：30%)。於過去六個月期內，中東市場繼續成為最主要的特許經營銷售收入來源，並新增了8間店舖。本集團亦於回顧期內在印度開展了特許經營業務，於當地11個城市開設了14間店舖。

BUSINESS REVIEW

Mainland China

The Mainland China market, which is the second largest contributor to the Group's revenue, was less than promising in terms of profitability in the six months under review. The Group's directly managed outlets cover nine first-tier cities and its franchisees now sell "bossini" and "sparkle" brands in more than 100 second- and third-tier cities. The Group has offered a higher-end "bossini style" product line to capture the opportunities in the mid to upper market segment in Mainland China and the response has been encouraging.

The Group's Mainland China operation encountered a down-turn in sales and profitability in the first half of 2006/07 and thus deliberately slowed down the pace of its network expansion. The total number of directly managed outlets and franchised outlets increased modestly to 366 (2005: 332) and 239 (2005: 234), respectively, bringing the total number to 605 (2005: 566). Total retail floor area decreased to 309,500 sq. ft. (2005: 312,400 sq. ft.).

For the directly managed network, 247 (2005: 212) were "bossini" outlets and 119 (2005: 120) were "sparkle" outlets. For the franchise network, 184 (2005: 184) were "bossini" outlets and 55 (2005: 50) were "sparkle" outlets.

業務回顧

中國大陸

作為本集團第二大收入來源之市場，中國大陸於過去六個月之盈利表現未如理想。本集團的直接管理店鋪覆蓋9個一線城市，而現時的特許經營商於超過100個二線及三線城市銷售"bossini"及"sparkle"品牌的產品。本集團推出較高檔次之"bossini style"系列，開拓中國大陸中上層市場，市場反應令人鼓舞。

二零零六／二零零七年度之上半年為中國大陸業務之銷售及盈利轉折點，因此本集團放緩了網絡擴張步伐。直接管理店鋪及特許經營店鋪分別增加至366間(二零零五年：332間)及239間(二零零五年：234間)，令店鋪總數達605間(二零零五年：566間)。總零售樓面面積下降至309,500平方呎(二零零五年：312,400平方呎)。

於直接管理網絡中，247間(二零零五年：212間)為"bossini"店鋪，119間(二零零五年：120間)為"sparkle"店鋪。特許經營店鋪網絡方面，184間(二零零五年：184間)為"bossini"店鋪，55間(二零零五年：50間)為"sparkle"店鋪。

BUSINESS REVIEW

Mainland China (continued)

During the period under review, the market saw a substantial increase in apparel supply and a fast penetration of local players, which intensified competition in the mass casual wear sector. This, coupled with the decline in the Group's product competitiveness, has resulted in a weaker-than-expected performance of the Group's Mainland China operation for first half of the year, with a sales decrease of 6% year-on-year to HK\$202 million (2005: HK\$215 million).

Sales from directly managed outlets and franchised outlets dropped 5% and 10% to HK\$139 million (2005: HK\$147 million) and HK\$47 million (2005: HK\$52 million), respectively, and accounted for 14% (2005: 15%) and 5% (2005: 5%), respectively, of the Group's consolidated revenue for the period under review. Same store sales for the retail business in Mainland China recorded a negative growth of 9% (2005: 3% positive growth).

The Group recorded an operating loss of HK\$12 million for the six months ended 30 September 2006 (2005: HK\$1 million operating profit) in Mainland China. Operating margin was negative 6% (2005: 0%).

業務回顧

中國大陸(續)

回顧期內，中國大陸市場的服裝產品供應大幅上升，大批本地競爭者迅速湧入市場，令大眾化休閒服行業競爭更趨白熱化，加上本集團產品競爭力下降，因此本集團的中國大陸業務於上半年度表現較預期疲弱，銷售額較去年同期下降6%至港幣2.02億元(二零零五年：港幣2.15億元)。

當中，來自直接管理店舖及特許經營店舖的銷售額分別下降5%及10%，至港幣1.39億元(二零零五年：港幣1.47億元)及港幣4.7千萬元(二零零五年：港幣5.2千萬元)。直接管理店舖及特許經營店舖佔本集團總銷售額之百分比分別為14%(二零零五年：15%)及5%(二零零五年：5%)。中國大陸零售業務之同店銷售額錄得9%的負增長(二零零五年：3%正增長)。

因此，截至二零零六年九月三十日止的六個月，中國大陸之營運虧損為港幣1.2千萬元(二零零五年：港幣1百萬元營運溢利)，營運溢利率為負6%(二零零五年：0%)。

BUSINESS REVIEW***Taiwan***

Poor economic performance combined with the political instability continued to hamper consumers' purchasing power and confidence during the period under review, resulting in an extremely competitive market condition. The Group opened one directly managed outlet during the period under review, increasing the total number to 113 (2005: 99). Total retail floor area increased to 173,600 sq. ft. (2005: 156,600 sq. ft.).

Sales in Taiwan recorded a stable revenue of HK\$167 million (2005: HK\$166 million), but same store sales dropped by 15% (2005: drop of 6%). Operating loss amounted to HK\$20 million (2005: HK\$6 million).

Singapore

The Singapore market was highly competitive and saturated. The Group's performance in this market was also affected by the reduction in its product competitiveness. As at 30 September 2006, the total number of directly managed outlets was maintained at 28 (2005: 28), while the total retail floor area decreased by 4% to 30,200 sq. ft. (2005: 31,400 sq. ft.).

For the six months ended 30 September 2006, retail sales in Singapore declined 7% year-on-year to HK\$86 million (2005: HK\$92 million) while same store sales dropped 12% (2005: 8% growth). The Group recorded an operating loss of HK\$2 million for the period under review (2005: HK\$7 million operating profit) with negative operating margin of 2% (2005: 8% positive margin).

業務回顧**台灣**

台灣經濟疲弱，加上政局不穩定，持續打擊消費能力及信心，導致市場環境困難。期內於當地僅增加了1間直接管理店鋪，令店鋪總數上升至113間(二零零五年：99間)。總零售樓面面積上升至173,600平方呎(二零零五年：156,600平方呎)。

台灣市場的銷售額保持穩定，約為港幣1.67億元(二零零五年：港幣1.66億元)，但同店銷售則下降15%(二零零五年：6%的負增長)。營運虧損為港幣2.0千萬元(二零零五年：港幣6百萬元)。

新加坡

新加坡市場競爭激烈，而且已達飽和，本集團的業務表現受到產品競爭力下降而有所影響。於二零零六年九月三十日，在新加坡市場經營直接管理店鋪總數維持28間(二零零五年：28間)，總零售樓面面積減少4%，至30,200平方呎(二零零五年：31,400平方呎)。

截至二零零六年九月三十日止的六個月，新加坡零售銷售額較去年同期下降7%至港幣8.6千萬元(二零零五年：港幣9.2千萬元)，同店銷售額下滑約12%(二零零五年：8%增長)。回顧期內，本集團錄得營運虧損港幣2百萬元(二零零五年：港幣7百萬元營運溢利)，營運溢利率則為負2%(二零零五年：8%)。

BUSINESS REVIEW

Malaysia

For the period under review, the Malaysia operation had a consistent and stable performance with 8 directly managed outlets (2005: 1) in operation.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2006, the Group's cash and bank balances amounted to HK\$172 million (31 March 2006: HK\$244 million), after the payment of a final dividend of HK\$28.2 million in September 2006 for the last fiscal year. The Group's current ratio stood at a healthy level of 1.99 (31 March 2006: 2.35) and the total liabilities to equity ratio was 60% (31 March 2006: 46%). The Group had bank borrowings of HK\$40 million (31 March 2006: nil) payable within one year.

The Group managed its inventories at a stable level and had improved its inventory turnover[#] to 66 days for the period under review as compared with 72 days for the same period ended 30 September 2005 (31 March 2006: 42 days). Return on equity ratio decreased to 2% (31 March 2006: 18%).

[#] *Inventory held at 30 September 2006 divided by annualized revenue times 365 days*

CONTINGENT LIABILITIES

During the period under review, the Group had no material changes in contingent liabilities since 31 March 2006.

業務回顧

馬來西亞

回顧期內，馬來西亞業務表現平穩，現時共有8間直接管理店舖（二零零五年：1間）。

流動資金及財政資源

於二零零六年九月派付上一財政年度之末期股息港幣2.82千萬元後，本集團於二零零六年九月三十日之現金及銀行結餘為港幣1.72億元（二零零六年三月三十一日：2.44億元）。本集團的流動比率維持於1.99倍之健康水平（二零零六年三月三十一日：2.35倍），總負債對股東權益比率為60%（二零零六年三月三十一日：46%）。集團需於一年內償還的銀行貸款為港幣4.0千萬元。（二零零六年三月三十一日：無）。

回顧期內，集團有效管理存貨於穩定水平，改善存貨周轉期[#]至66天，截至二零零五年九月三十日止去年同期則為72天（二零零六年三月三十一日：42天），股本回報率下降至2%（二零零六年三月三十一日：18%）。

[#] *於二零零六年九月三十日所持有之存貨除以年度化收益乘365天*

或然負債

於回顧期間，本集團自二零零六年三月三十一日起之或然負債並無重大變動。

HUMAN CAPITAL

As at 30 September 2006, the Group employed 4,300 full-time staff (2005: 4,300) or equivalent in Hong Kong, Macau, Mainland China, Taiwan, Singapore and Malaysia. It employs a performance-based remuneration system and offers benefits such as insurance, retirement schemes, share option scheme, as well as discretionary performance bonuses.

OUTLOOK

Going forward, with a number of measures in place to strengthen internal management, enrich product design and offering, enhance brand image and to provide a unique shopping experience, the Board is cautious yet optimistic about the Group's future development in the medium- to long-term. The Group will continue to maintain a pragmatic expansion strategy with a strong emphasis on profitability and efficiency. It targets to open 20 outlets net in the second half of this fiscal year, which include the addition of 3 retail outlets in Hong Kong, 25 franchised outlets for the export business, 2 retail outlets in Singapore and 2 retail outlets in Malaysia, and the reduction of 1 retail outlet and 3 franchised outlets in Mainland China as well as 8 retail outlets in Taiwan.

The outlook for the Hong Kong retail sector in the second half of this fiscal year looks mixed with both opportunities and challenges. Achieving sustainable growth for both top and bottom lines has always been a key objective of the Group. It will try its utmost to implement proactive strategies to strengthen its product competitiveness and enhance its brand image.

人力資源

於二零零六年九月三十日，本集團在香港、澳門、中國大陸、台灣、新加坡及馬來西亞共聘用4,300名（二零零五年：4,300名）全職員工。本集團引用以員工的工作表現釐定薪酬的系統，並為員工提供保險、退休計劃、購股權計劃以及按表現發放花紅等福利。

未來展望

本集團已經制定多項措施，加強內部管理、豐富產品設計及提升品牌形象，目的為顧客提供獨特的購物體驗。董事局對本集團中、長期發展前景仍謹慎樂觀。集團將繼續推行務實的拓展策略，著重加強盈利能力和營運效率，本集團的目標是於下半財政年度開設新店的淨額為20間，包括於香港新增3間零售店鋪、25間出口特許經營店鋪、2間新加坡零售店鋪及2間馬來西亞零售店鋪；另外亦計劃於中國大陸刪減1間零售店鋪及3間特許經營店鋪，以及於台灣刪減8間零售店鋪。

展望下半年的香港零售業機遇與挑戰交織並存。一直以來，本集團的長遠目標是取得收入及盈利的持續增長。本集團將竭盡所能推行積極的營運策略，提高產品競爭力及提升品牌形象。

OUTLOOK

The Group has been receiving good market response to its branding and promotional initiatives. It will continue to ride on this successful formula to further enhance the brand image and its market awareness through a variety of marketing activities, campaigns and events.

On the product front, the Group plans to allocate more resources by adding experienced designers to design and maintain the existing “basic” and “easy to carry” styles with an appropriate but not excessive touch of fashion, so as to pave the way for broader and deeper penetration into the mass market. To further enrich its product portfolio in order to fulfill its customers’ demand and diversify revenue streams, the Group will also extend and revitalize its product lines with new and innovative product designs and functional fabrics. In the next fiscal year, the Group will increase the frequency of product launches from 8 collections to 12 collections per annum, to stimulate consumption desire with new product launch every month.

Striving for excellence in maintaining its leading position in the chosen market segment, the Group will roll out a comprehensive brand revamp program, which comprises an injection of a revolutionary shop décor concept to provide a brand-new shopping environment and experience for customers. An outlet in Mong Kok will be expanded and re-constructed as a four-storey flagship store which is scheduled to be opened around end of this fiscal year. The new concept will be replicated subsequently and progressively in other regions to complement the new brand-building direction.

未來展望

本集團的品牌及其他宣傳活動一直廣受市場歡迎，秉承過去的成功經驗，本集團將繼續透過一系列市場推廣項目，如比賽及活動，進一步提升品牌形象及市場認知度。

產品方面，本集團計劃進一步投放資源於產品設計上，通過增聘更具經驗的設計師，致力設計及維持現有的「基本自然」與「易於穿著」的風格，並配以適當的時裝潮流元素，務求可以更深入更廣泛地滲透大眾化市場。同時，為了進一步豐富產品系列，以滿足消費者的需求及實現多元化的收入來源，本集團還會開拓具備創新設計和功能性用料之新產品線，並將於下一個財政年度內，增加產品推出的次數，從每年推出8組產品增加至每年12組，令每月均有新產品推出市場刺激消費。

為致力保持於擬定之市場中穩佔領先地位，本集團將推行一個全面的品牌革新計劃，包括加入具革命性的店鋪設計概念，為顧客提供全新的購物環境及體驗。旺角其中一間店鋪將會擴充成為佔地4層高的旗艦店，計劃約於本財政年度底開業。此嶄新的店鋪設計及品牌概念亦將逐步延伸至其他地區，以配合品牌革新方向。

OUTLOOK

With cost effectiveness and operating efficiencies set as its priorities, the Group is investing HK\$23 million in international information technology systems to keep in pace with worldwide development. These include the implementations of a world-class financial management system and a warehouse management system, and an upgrade of the point-of-sales system that will enhance internal operations and workflow, inventory management, merchandise planning, logistics controls and forecasting, laying a solid foundation for the Group's long-term growth. The Group will also shorten the production cycle by fostering closer collaboration with suppliers. Synergies from these integrated systems will enable the Group to respond quicker to market changes and demands, the benefits of which are expected to be realized in the next fiscal year.

The Group will continue to exercise caution in capturing any synergistic expansion opportunities in new markets. It plans to enter Korea and Syria in the next fiscal year. The export franchising business is expected to continue to be a stable earnings contributor, benefiting from the Group's culture and practices to develop win-win collaboration with its franchisees and business partners.

未來展望

本集團一向著重成本效益和營運效率，現正投放港幣2.3千萬元安裝及提升國際級資訊系統，以緊貼全球發展步伐，涵蓋財務管理系統及倉庫管理系統，及為銷售點管理系統升級，以加強內部營運及流程、存貨管理、採購計劃、物流控制及預測，為長期發展及改進打下堅實基礎。本集團通過與供應商建立更緊密的聯繫，縮短產品生產週期。本集團預期整合系統所帶來的協同效應將有助本身對市場的轉變需求作出更快的回應，成效將於下一個財政年度顯現。

本集團將繼續謹慎地把握任何具協同效應之擴充新市場機會，並計劃於下一財政年度進入韓國及敘利亞市場。出口特許經營業務仍將繼續成為穩定的收入來源，並受惠於本集團的文化及矢志實踐與特許經營商及商業夥伴取得雙贏局面之目標。

OUTLOOK

The Group plans to launch its first flagship store in the Mainland China to refresh its brand image in alignment with the brand revamp program in Hong Kong. Although the Mainland China market is vibrant, the Group will closely monitor the developments in the retail sector in Mainland China and adjust its pace of development. Improvement measures will be implemented for the “**bossini**” and “**sparkle**” brands to enhance their competitiveness with a view to restoring profitability to the Group. Products under “**bossini style**” introduced by a newly formed design team have received encouraging market response and are expected to bring a positive impact to the business in Mainland China in the near future. The Group is optimistic and believes that there will be an up-turning point for this market soon.

Taiwan’s retail market is expected to remain sluggish due to political instability. The Group will maintain its existing strategies and minimize outlet expansion in Taiwan in the second half of 2006/07. With appropriate consolidation of its existing network, the Group anticipates considerable improvements for its Taiwan operation in the near future.

The Group is optimistic about its steady growth in the Singapore market and will keep abreast of market trends by reviewing its business from time to time and making adjustments wherever necessary. The Group believes that it will achieve a turnaround in this market in the second half of 2006/07.

未來展望

為配合香港的品牌革新計劃，本集團將於中國大陸開設首家旗艦店，革新品牌形象。本集團將採取務實的擴展策略，加強於蓬勃但又瞬息萬變的中國大陸市場滲透率，並密切關注零售業的發展勢頭。本集團將會推行一連串改善措施，提高“**bossini**”品牌和“**sparkle**”品牌在中國大陸市場的競爭力，以爭取恢復盈利能力。由新組成的設計團隊推出的最新“**bossini style**”系列產品廣受市場歡迎，預期可於短期為中國大陸業務帶來正面成效。本集團對中國大陸市場持樂觀態度，並相信於不久便能重回升軌。

台灣經濟在短期仍將停滯不前，政治局面仍不穩定。二零零六／二零零七年度之下半年，本集團將保持現有的策略，放緩台灣市場的擴張步伐。在完成網絡整合後，本集團預計台灣市場表現可於未來逐步改善。

本集團對新加坡市場的平穩增長抱樂觀態度，並將不時檢討其業務，從而緊貼市場趨勢，在適當時候作出調整。集團有信心此市場可於二零零六年下半年扭虧為盈。

OUTLOOK

Going forward, the Group's growth momentum will be largely driven by organic growth, mainly through market expansion and productivity enhancements, with businesses in export franchising and Mainland China as its growth engines. The Group remains positive about the medium- to long-term growth potential.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend (2005: HK1.8 cents per ordinary share) for the period.

未來展望

邁向未來，本集團之增長動力將來自本身之業務增長，主要透過市場拓展及產能提升，其中出口特許經營業務及中國大陸市場將成為其增長點。在中、長期而言，本集團對增長前景充滿信心。

中期股息

董事局不建議於期內派發中期股息（二零零五年：每股普通股1.8港仙）。